

# Independent Remuneration Panel

2019

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## 1 Introduction

- 1.1 The Independent Remuneration Panel (IRP) was convened to advise the City of York Council on its scheme of Councillors' allowances. The IRP last met in 2015 and made a number of recommendations regarding basic and special responsibility allowances.
- 1.2 The report produced by the IRP in December 2015 and the associated Scheme of Allowances were confirmed by Full Council and came into effect on 1 January 2016.
- 1.3 The Local Authorities (Members' Allowances) (England) Regulations 2003 require Councils to appoint an IRP and to have regard to its recommendations prior to amending their scheme of allowances.
- 1.4 Under Regulation 10 (5) of the Local Authorities (Members' Allowances) (England) Regulations 2003, Local Authorities 'cannot rely on an index for Councillor allowances for more than 4 years' before they invite the IRP to make further recommendations on the application and relevance of the index.
- 1.5 In York, local Council elections take place every four years, when the entire Council membership stands down. For many years, it has been custom and practice for an IRP to review the existing Scheme of Councillors' allowances following the formation of a new Council in an 'election year'.
- 1.6 This cycle presents real benefits in providing an IRP with a substantial period of time over which the existing scheme can be assessed and in providing opportunities for the Panel to learn from the experiences of newly elected and long serving Councillors.

- 1.7 Local Authorities can also convene an IRP at any time to respond to a specific issue or for an annual or biennial review.

### **Membership of the Panel**

- 1.8 The Members of the Independent Remuneration Panel 2019 were as follows:

- David Dickson (Chartered Accountant, Deputy Chair of York, North Yorkshire and East Riding LEP, Former Treasurer of the University of York)
- Elizabeth Heaps (Vice Chair of York Archeological Trust, Board Member of York Civic Trust, Former Pro Vice-Chancellor of University of York)
- Andrew Scott CBE (President of York Civic Trust and Former Director of National Railway Museum)
- Neil Barnes (Former Elected Member of City of York Council)
- Stephen Upright (Clerk to the Company of Merchant Adventurers)

- 1.9 The Panel also received administrative support from officers of City of York Council.

### **Terms of Reference**

- 1.10 The Panel's terms of reference are attached at Annex A to this report. They reflect the legal requirements governing the Panel.

- 1.11 The Panel has met on five occasions to consider information gathered by officers. The Panel also invited and received written and oral representations from a range of current Members of the

Council, including Executive Members, Chairs and backbench Members, representative of all political parties.

## **Context and Current Scheme of Allowances**

1.12 All Councillors, irrespective of particular offices held on the Council, are entitled to the same level of basic allowance. Basic allowances are intended to recognise the expected time commitment of all Councillors. This includes, but is not limited to:

- attendance at Council meetings and committees
- meetings with residents and Council officers
- responding to and dealing with casework and enquiries

1.13 Basic Allowances should also cover incidental costs such as travel within the City and internet and phone provision. Currently, travel expenses can only be claimed outside of the City and when the purpose involves representing the authority at an external meeting or undertaking duties specifically associated with the role (for example as an Executive Member).

1.14 Between 2008 and 2015, there was no movement in the level of allowances for Councillors. In that time, Council declined the increases suggested by IRP panels and declined increases in line with Council pay awards. As a consequence, the real value of allowances fell well below that of comparative authorities.

1.15 The figure agreed by the IRP in 2015 as a basic allowance was £8,667 per annum. This figure was calculated by halving the median pay figure for York to reflect previous evidence that the workload involved in being a Councillor equated to around half a working week. This figure was then discounted by a third. This discount reflects that an important aspect of the role of a Councillor role is to serve the public and therefore, not all of what a Councillor

does, should be remunerated. The one third discount for public service is a standard widely applied across the country.

1.16 The Leader's Special Responsibility Allowance was calculated by multiplying the basic allowance by three. Statutory guidance also suggests that this is an appropriate methodology and one that previous IRPs in York have used in recent years.

1.17 Since 2015, the basic allowance has increased in line with staff pay awards. The current basic allowance at the time of writing this report is £9,198. It is worth noting that whilst basic allowances have been increased in line with pay awards, SRAs have not been recalculated on an annual basis with revised basic allowance figures.

1.18 In 2015, the panel heard from Councillors and officers of an ever-increasing workload and demand on the time of a Councillor and this played an important part in their recommendation.

## 2 Rationale

### **Basic principles**

2.1 The Panel agreed the following principles on which the methodology and recommendations for its review in 2019 should be based:

- The level of allowances within the scheme should not discriminate or create barriers for those who may wish to stand for office
- The level and availability of travel allowances should not act as an obstacle to appropriate travel outside the City to promote the City's interests.
- The scheme of basic and special responsibility allowances should provide for an adequate level of reward that neither

encourages nor discourages those who may wish to stand for office.

- The scheme should be easily understood.
- The scheme should continue to move towards being easy to administer.

2.2 The Panel sought to account for the current context for Members, any changes in the workload since the last review and any changes to local or national context in that time.

## **Benchmarking**

2.3 Details of benchmarking information and statistics considered by the Panel are attached at Annex B. This included evidence of allowances paid in other local authorities chosen based on a mixture of population size and locality. These figures were compared with those paid in York. The Panel also received information on annual York pay figures between 2015-19. The median figure for people working in York in 2019 was £29,631 (rising from £25,622 in 2015). Previous IRPs had used median pay figures as a basis for calculating allowances for Councillors.

2.4 In comparison to the other unitary authorities shown in Annex B, York's basic allowance is just above the mean, whilst it is appropriately above local districts and below metropolitan authorities.

2.5 In the interests of consistency and clarity, the Panel felt that the median pay figure for people working in York remained the most appropriate basis from which to calculate allowances and therefore adopted this figure for 2019 as its starting point.

## **Evidence Base**

- 2.6 The Panel met with a selection of Councillors on two occasions. The first was a meeting with Group Leaders, the second was a selection of Committee Chairs and Backbench Scrutiny Members, both experienced and newly elected. The Panel also received written representations from the political groups.
- 2.7 The Panel heard that there had been a significant increase in the level of responsibility attached to the role of Councillors. Following a recent refresh to the approach to ward committees, Councillors now have additional responsibility with regard to available funding through the Housing Environment Improvement Programme and Highways Capital funding.
- 2.8 The frequency of Council meetings has also increased since 2015. Following a 2018/19 review into the Scrutiny function and with the new administration in place, an extra Scrutiny Committee (Climate Change) has been created and the meeting frequency of Scrutiny Committees has doubled (now monthly).
- 2.9 In its nature, the role of a Councillor has always been public facing, Elected Members are the spokespersons for their communities and this has not changed.
- 2.10 The Panel heard of the ever-growing presence of social media and electronic communication and how this has led to a significant increase in the level of engagement between Councillors and their residents. It was also noted that there had been an increase in the range of issues that are being reported through Ward Councillors. Within this heightened level of communication, it was reported that Councillors are finding the day-to-day activities of the role increasingly time-consuming and complex.

- 2.11 The panel noted the requirement for an increased level of expertise and knowledge expected of Councillors and the need for this knowledge to be current and maintained. The complexity of issues being presented in committees such as Audit and Governance, Licensing and Regulatory Committee and both Planning Committees has required an increased number of briefings and a more detailed understanding of legislation and policy.
- 2.12 The Panel heard that the role of a Committee Chair had continued to be a challenging time commitment and noted that the role of a vice-chair is an important and, to some extent, unappreciated role.

### 3 The Panel's Recommendations

#### **Basic Allowance**

- 3.1 Taking into account the statistical information reviewed, the Panel agreed that a similar method of calculation to that used in 2015, should be used again. The basic allowance was calculated by halving the median pay figure for people working in York and that figure had increased significantly since 2015 (see paragraph 2.3). The Panel was content that Councillors' allowances should therefore rise commensurately.
- 3.2 The Panel was also convinced that the workload associated with being a Councillor had increased since the last review. In response, the Panel calculated the basic allowance by taking 52.5% of the median pay figure for York (an increase from 50% previously), to reflect the changing nature of Members' roles. This figure being then reduced by a third in respect of the public sector voluntary discount (see paragraph 1.15).
- 3.3 This calculation results in a basic allowance of £10,371 per annum.

## Special Responsibility Allowances

- 3.4 As is stated above, all SRAs are calculated as a percentage of the Leader's, which has traditionally been considered by Panels to be three times the basic allowance. The Panel saw no reason to alter that assessment. Following extensive deliberation however, the panel decided to alter the percentage of the Leader's SRA currently attributed to the following roles:
- Chair of Customer and Corporate Services Scrutiny Management Committee
  - Chair of Area-Sub Planning Committee
  - Chair of Licensing and Regulatory Committee; and
  - Chair of Audit and Governance Committee
- 3.5 Annex C shows the current and recommended basic allowance and list of Special Responsibility Allowances, taking into account the changes recommended in paragraph 3.2 and 3.4.
- 3.6 After some debate and hearing a range of representations from Councillors, the Panel decided not to recommend an SRA for Vice-Chairs, feeling that the role only resulted in chairing a minimal number of meetings on an ad-hoc basis. As such, the Panel did not believe that the role required an amount of time and effort equal to or greater than any of the SRAs set out in Annex C.
- 3.7 Additionally, the Panel concluded that, subject to any legal or financial considerations, any annual or other pay award increases applied to the basic allowance should also be applied to Special Responsibility Allowances.
- 3.8 The Panel also agreed that any changes to Basic and Special Responsibility Allowances should be backdated to the 22 May 2019, to coincide with the start of a new administration and a new Council year.

## **Additional Recommendations**

- 3.9 In response to concerns raised by some Councillors, the Panel recognised that the effectiveness of Councillors was in part dependent on the level of support made available by the Executive. Increasing expectations of Councillors mean that additional support is required if they are to remain effective. The Panel therefore recommends that Council request a review into the support that Councillors receive around the handling and tracking of their casework and any policies currently in place.
- 3.10 The Panel believes that Councillors should have access to a similar level of Welfare Support to that of a City of York Council employee. Work related and personal stress affects Councillors as it affects staff and whilst the Panel recognise that Councillors are not employees, they considered it both a reasonable and appropriate gesture to open the existing offer to Councillors as well, wherever possible.
- 3.11 Public expectations of Councillors are high and, as the Panel heard, often significantly higher than candidates had expected prior to taking office. It was noted by a number of newly elected Councillors, that whilst they would not have changed their minds, they were surprised by the workload with which they were confronted. The Panel, therefore, recommends that both the Council (at pre-election stage) and political groups make potential candidates aware of all that would be expected of them upon election.
- 3.12 Although outside its formal remit, it was the Panel's clear view that support for the office of the Lord Mayor and Civic Party appears seriously under-resourced both in absolute terms and relative to that provided in comparable cities, at home and abroad. Apart from making the task of the Civic Party much more difficult, the Panel felt in the strongest terms that it did not reflect well on a City, which

must compete with others for inward investment. In the Panel's view, the support package must change if the role of the Lord Mayor is to retain its significance as an ambassador for the City and in providing a ceremonial role for communities. The Panel recommends that the Council undertake a review of the support package and that recommendations are acted upon.

3.13 The Panel was made aware of the recent decision of the IRP for the North Yorkshire County Council to recommend that a small allowance (in the sum of £1,697 per annum) be awarded to each Councillor appointed by Local Authorities across the region to represent them on the Police, Fire and Crime Panel. Having been asked to consider the position for York, the Panel looked at the issues in some detail and, in principle, agreed to support and endorse the recommendations suggested by North Yorkshire County Council's IRP. However, the Panel advises that Council would need to have due regard to its practice of awarding only one SRA per Councillor.

## 4 Other issues considered

4.1 In their meeting with Group Leaders, the IRP was asked to clarify the number of Councillors needed to define a 'minority group'. The IRP are content with this number remaining at four members.

4.2 The IRP was asked to look into the idea of a group whip or administrative allowance. Whilst the Panel understood the idea, it concluded that this related to political administration and that the current provisions within suggested allowances were sufficient in this respect.

4.3 The Panel reviewed the potential to award an SRA to members of the Shadow Executive and concluded that the current scrutiny and proportionality arrangements, offering a number of key chairing SRAs to the main opposition, were sufficient.

- 4.4 The Panel reviewed the current provision for childcare/dependent carer allowances and made no recommendation for change.
- 4.5 The Panel was also asked to consider into the potential of adding maternity/paternity provision for Councillors in parallel with the current policies covering staff. However, it was mindful that Councillors were not employees with contractual employment obligations, unlike staff. The Panel therefore suggested that the Council set up a working group to look into the position further and gather more information from other local authorities who might have successfully implemented such an arrangement.
- 4.6 The Panel had been asked to review whether the current arrangements for reimbursing Councillors' travel and subsistence claims, for Council related duties outside of York, remained fit for purpose. Having looked at the information with which it was provided, the Panel was content with current practices and with the approach of continuing to adjust to HMRC and national guidance on payable rates. However, it recommends that the Council check that its current rates of pay are up to date with national rates yearly.
- 4.7 The Panel was content that travel expenses with York boundaries, telephone and internet costs remain covered under the basic allowance.